

Fraud Prevention Tips

It's not easy to identify a scam. After all, con artists are very knowledgeable and persuasive: They pretend to be your friend, and they prey upon emotions that can lead you to make the wrong decision.

Scam artists are experts at establishing rapport with potential victims and casting themselves as someone "who's on your side." Often, this is merely a ploy to gain control of your emotions and direct you to agree to their pitch.

But while it's often difficult to discern friend or foe from such dialogue, watching for several distinct traits can help you identify a potential scam before it's too late.

Listen for these 9 warning signs:

- **Claims that you've won a prize—but must pay to receive it.** The scammer might explain that your payment is related to administrative fees, customs, taxes or other reasons. Legitimate sweepstakes don't ask for payment because it's illegal.
- **Pitches that require you to pay right away.** It's likely a scam if a caller or salesperson requires you to pay right away to take advantage of an offer. They'll often arrange courier pick-ups or encourage wire transfers to make you feel they're doing you a favor by making payments convenient.
- **Callers or salespeople who won't provide written information** to help you make a decision. Scam artists are most successful when they sabotage your ability to think through an offer, and so they often claim there's no time to send the materials.
- **Offers that promise sizable returns with minimal risk.** The old saying remains true: If it sounds too good to be true, it probably is. Most legitimate investments or business opportunities require risk for participants to realize a reward.
- **Requests for donations that don't disclose how money will be used** or the specific charity that would benefit from your giving. Legitimate charities will disclose the percentage of donations that actually benefit the charity—and how much goes to administrative and overhead costs. They also should provide references to check on their authenticity.

- **Offers to "repair" your credit in exchange for an up-front fee.** Legitimate lenders do not require up-front payments, and nobody can wipe a bad credit report clean if it contains accurate information.

- **Persistent pitches from the same company** after you've requested they not call. Legitimate companies will remove you from call lists if you ask. If the problem persists, you can report the problem to the National Fraud Information Hotline (800-876-7060) or the Federal Trade Commission (877-FTC-HELP).

- **Offers to recoup money you've lost in another fraudulent scheme.** No legitimate agencies perform this service, except for state offices of consumer protection or attorneys general that are pursuing legal action. (Keep in mind that state authorities will never ask for a fee.)

- **Requests that you keep the offer a secret.** A legitimate salesperson or charitable solicitor wants as many people as possible to know about his offer so that he can close more deals. But scammers ask you to keep the offer under wraps so friends and family won't question the offer's authenticity.